



Q2 2021 financial results

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Q2 2021 highlights

Financial results



Total Revenues

CAD 7.4 million

95% growth from Q2 2020



Adjusted EBITDA

CAD -1.1 million

CAD 0.9m decrease from Q2 2020



Materials revenues¹

CAD 5.0 million

103% growth from Q2 2020



Recurring Materials revenues

CAD 3.5 million

84% growth from Q2 2020

Operations, business development and sales

Solid second quarter with \$7.4M in revenue, driving YTD revenues 88% above H1 2020

- Strong order intake of \$9.5m raising total backlog to \$14.2m
- 88% of annual revenue target secured
- Delivered on IPO new contract promises: Airbus (3-year) and LG Chem (multi-year)
- Launched \$16m investment program to scale-up capacity in all three powder business segments to deliver on accelerating growth
- Patent granted in Europe for Tekna Additive Manufacturing powder process

Subsequent events

- Additive Manufacturing: 10-year supply agreement with leading EU jet engine & Aerospace component OEM
- Printed Electronics: Positive feedback & re-ordering of samples. Annual demand from one customer exceeds 2022/2023 projected capacity - options are under review
- Energy Storage: LG Chem joint development agreement execution started

¹ Includes tolling services

A man with a beard and safety glasses, wearing a dark blue long-sleeved shirt and a yellow safety harness, is looking back over his shoulder. He is standing in an industrial environment with yellow metal railings and structures in the background. The text "Tekna in brief" is overlaid in the center.

Tekna in brief

Tekna is a world-leading provider of advanced materials

Established organization with world-wide reach

							
Founded in 1990	Headquartered in Quebec, Canada	190 employees	90 active patents	2 production facilities	2 research facilities	7 subsidiaries	1 joint venture



Large base of blue-chip customers¹

~200 customers

Note: In India and Japan, Tekna has distribution/sales representative agreements
1) Current and targeted

Tekna is developing its position in three multi-billion-dollar market verticals



Additive manufacturing / 3D printing



- ✓ Fast-growing industrial **3D printing** market
- ✓ Reducing waste & producing longer-lasting components



Printed electronics



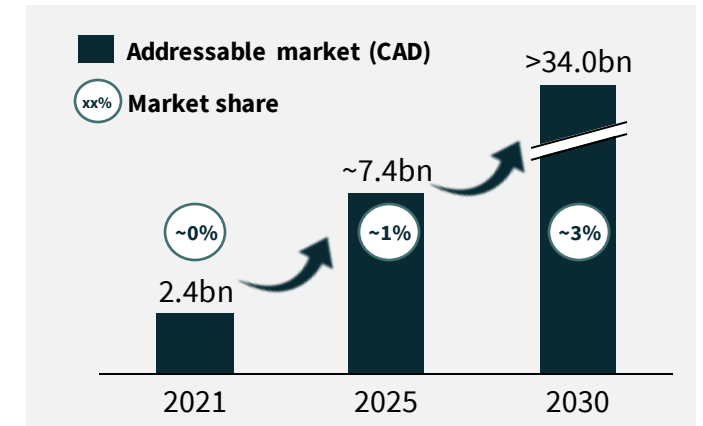
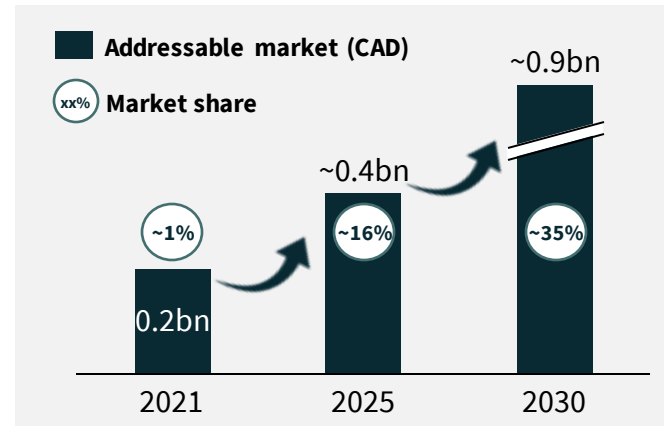
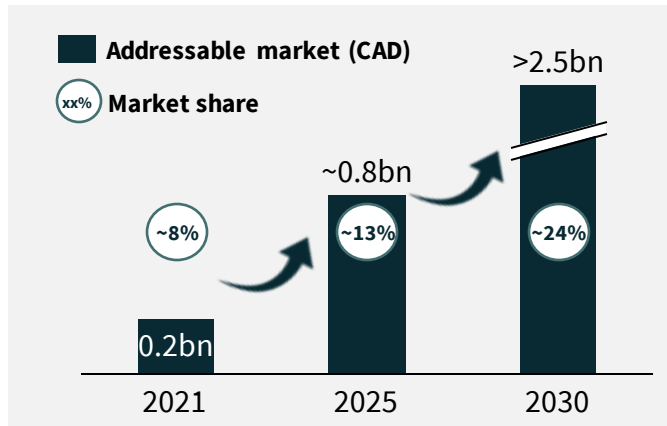
- ✓ **IoT and digitalization** of every-day devices
- ✓ Enabling technological advancements towards more **efficient resource usage**



Energy storage



- ✓ **Electrification** and **grid reserve**
- ✓ Increasing **clean energy storage** and **performance**



Tekna's technology starts where others' end

A woman with brown hair tied back, wearing clear safety glasses and a dark blue lab coat, is looking directly at the camera. She is holding a piece of white paper or equipment in front of her. The background is a blurred laboratory setting with various pieces of equipment and shelves.

Key developments

Key developments: Additive manufacturing / 3D printing



Sustained growth quarter over quarter

- 13% sales growth over Q1 2021
- 86% of powder sales generated from recurring customers
- Signed long-term Airbus agreement for Titanium
- Signed 10-year agreement for various alloys with other Aerospace OEM (July 2021)
- Market developing as projected
- Patent granted in Europe for Tekna AM powder process

Securing market position through rigorous and systematic business development

- Automotive – over 200 prospects identified, 2 qualified and supplying
- Qualification in progress with 2 large OEMs in Consumer electronics
- Continuing to grow positions in aviation and medical sectors

Key developments: Printed electronics

Successful roll out of market-entry strategy

- Strong product matching with customer spec
- Industrialization progressing steadily
- Repeat sample order received to go to the next qualification stage

Systematically working through qualification stages with potential customers, paving the way for market entry

- Working with 10 companies (100% of the market) across the value chain
- Solid progress with all major customers
- Samples under evaluation

Business development progress score card (80 nm Nickel powders)

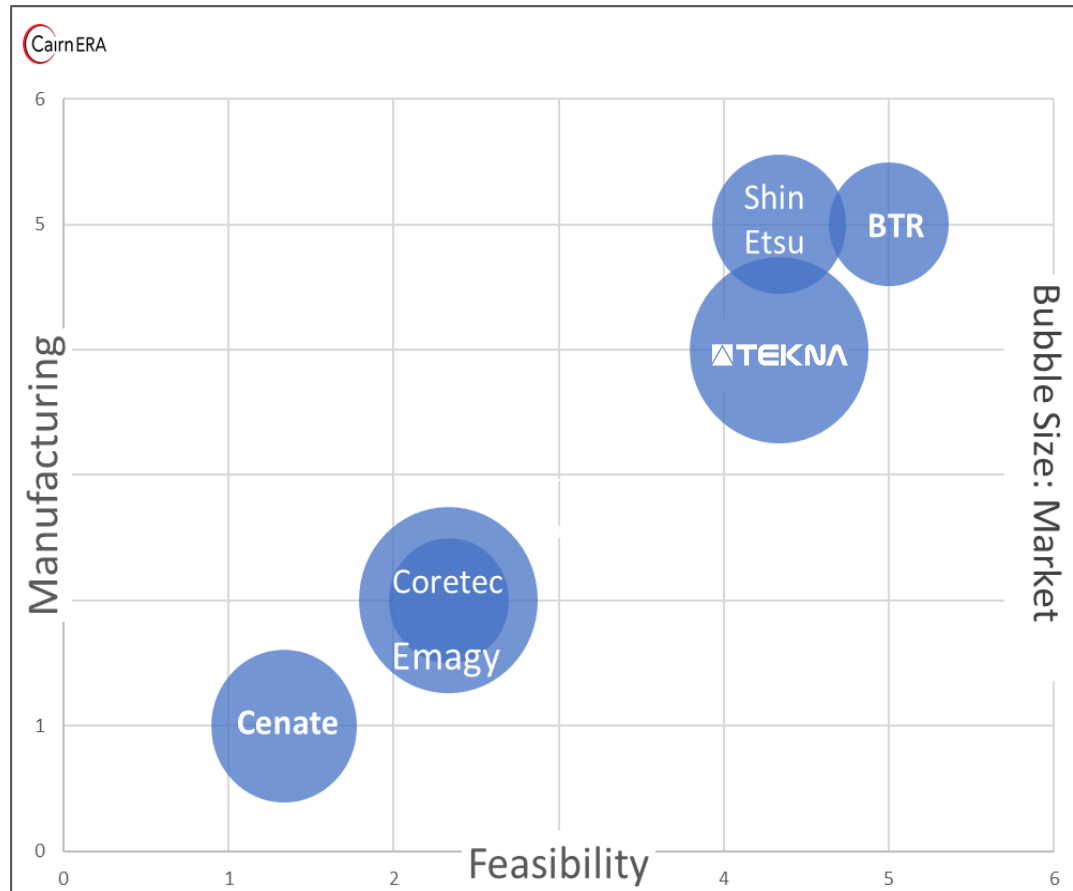
Customer	Country	ACCOUNT QUALIFICATION				PRODUCT QUALIFICATION				MANUFACTURING QUALIFICATION				PRE-PROD. APPROVAL				QUOTE PROCESS & CONTRACT NEGOTIATION				Total Score
1	SK																				2H22	25
2	SK																				2H22	25
3	JPN																				2H22	25
4	JPN																				2H22	25
5	JPN																				TBD	22
6	JPN																				1H23	16
7	JPN																				1H23	14
8	JPN																				TBD	8
9	JPN																				TBD	8
10	SK																				TBD	2

Completed

On-going

Closed

Key developments: Energy storage



Tekna's technology ranks among top 3 for LiB Silicon material producers

- Differentiating and growth-enabling factors:
 - Particle high-purity and size below 150 nm
 - Feasibility proven through industrial scale samples
 - 30-years of plasma technology maturity
- Identifying potential partners for Silane (feedstock)
- Plan to share material with leading battery manufacturers, downstream Si anode startups and carmakers
- Scaling-up research and manufacturing capacity

Partnership with LG Chem developing positively
Research milestone expected in Q4 2021



Financials

Financial highlights Q2 2021

Financial highlights ¹ (CADm)	2021 Q2	2020 Q2	2021 YTD	2020 YTD	2020 FY
Revenue	7.4	3.8	15.2	8.1	22
Gross Margin	46%	53%	48%	49%	49% ³
Adjusted EBITDA ²	-1.1	-0.2	-0.8	-1.9	1.4
Adjusted EBITDA %	-15%	-5%	-5%	-23%	6%
EBITDA	-1.2	-0.2	-1.5	-1.9	1.4
EBITDA %	-16%	-5%	-10%	-23%	6%
Cash balance at the end of the period	45.7	2.1	45.7	2.1	2.5
Recurring revenue (% of materials revenue)	86%	80%	82%	na	na

Notes

1 The figures have been prepared in accordance with IFRS

2 EBITDA adjusted for non-recurring items

3 2020 adjusted EBITDA includes CAD 2.7m in the form of grants for Covid mitigation, as well as CAD 3.6m of commercial rights and OPEX recharge to the JV Imphytek powders in Q4

Commentary

- Revenues increased 95% in Q2 and 88% YTD over the same period last year
 - YoY Q2 revenue growth in both business segments: systems (75%) and materials (>100%)
 - Total orders on hand for Q2 2021 increased by 25% from Q1 2021 and 55% from Q2 2020
 - Recurring material revenues steadily increasing, now 86%
 - Materials revenue alone have more than doubled from Q2 2020
 - Q2 gross margin in line with forecast for full year
- Q2 adjusted EBITDA at \$ -1.1m, in line with forecast announced in Q1 2021 report
 - Adj. EBITDA improved by \$1.1m YTD over same period last year, due to volume increase and tightened operating costs
 - YTD 2021 gross margin in line with same period last year



Strategy and growth ambitions

Tekna's market position keeps improving every day, in every segment

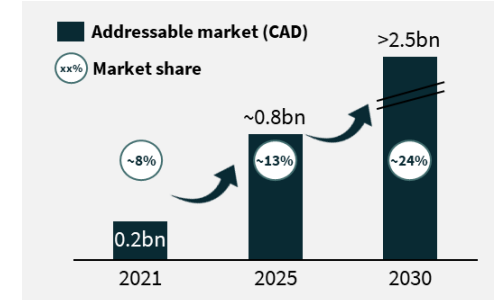


3D printing

ON TARGET

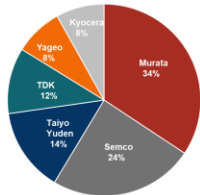
	YE2021 Forecast growth vs YE2020 actuals	KPI
Number of Customers	+ 20%	
Order Intake	+ 35%	
Average order size	+ 25%	

- ✓ **8% market share forecast and \$22m annual run rate revenue by YE2021**
 - Performance indicators are all green for AM powder revenues
- ✓ **\$2.5bn market size and 24% market share growth projection maintained**
 - Strong demand with increasing customer base and average order size
 - Market position is improving with long-term supply agreements

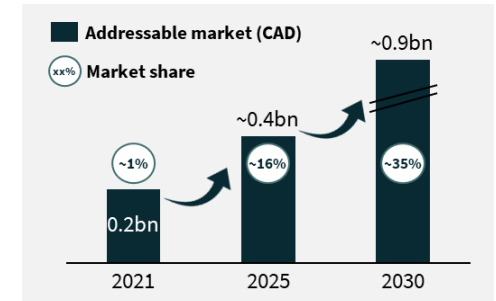


Printed electronics

ON SCHEDULE



- ✓ **2021 material validation and order intake targeted in H2 2022**
 - Demand for evaluation of Tekna ultra-fine nickel powder has increased in 2021
 - \$1bn market size and 35% market share target could be favorably revised in 2022
- ✓ **Demand for EVs and 5G mobility is growing massively**
 - Selling price of ultra-fine nickel powder is expected to stay high

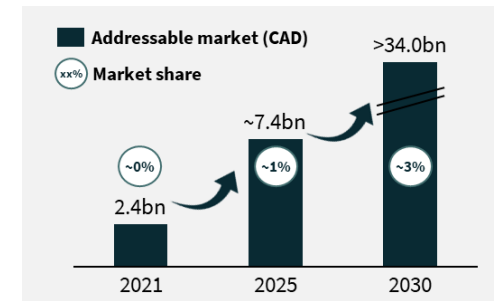


Energy storage

FULL SPEED AHEAD

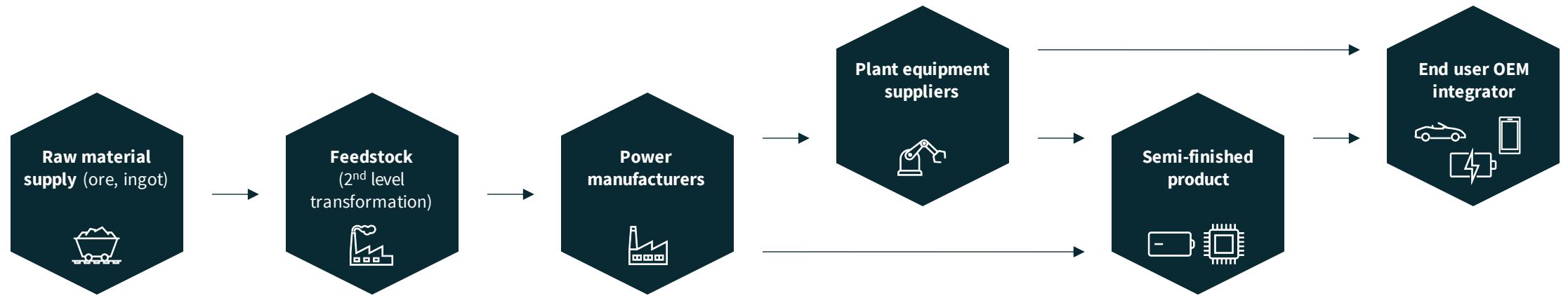


- ✓ **Industrialization plan and powder development effort**
 - Electrification of transport & green power are fueling demand for energy storage
- ✓ **\$34bn market size and 3% market share targets are holding course**
 - LG Chem JDA secured, Silicon samples and system design are on-going
 - Tekna's ranks 1st and 2nd on impact on energy density and scale-up potential



Countries and industries of relevance to Tekna are emerging from Covid-19

Developing Strategic Partnerships



Strategic partnerships considered:

JV, supply agreements, alliances and M&A

- ✓ Tekna supply risk
- ✓ Helps market access
- ✓ Value add and control over procurement decision

- ✓ Leadership position
- ✓ Value add to decision maker
- ✓ Growth CAPEX
- ✓ Geographic challenges

- ✓ Control over OEM process
- ✓ Number of Tiers
- ✓ Revenue per Tier
- ✓ Value add and control over procurement decision

- ✓ OEM supply risk
- ✓ OEM IP
- ✓ Procurement model
- ✓ Number of OEMs
- ✓ Revenue per OEM

	Strategic partnerships considered:	✓ Tekna supply risk	✓ Leadership position	✓ Control over OEM process	✓ OEM supply risk
Additive manufacturing	JV, supply agreements, alliances and M&A	✓	✓	✓	✓
Printed electronics				✓	✓
Energy storage		✓		✓	✓

The ideal position in the value chain is one where Tekna brings the most value to the customers, while increasing market share and revenue

Leadership on ESG strategy implementation

E

Reducing environmental footprint

- Assessment of Climate Risks and Opportunities
- Establishing baseline GHG emissions
- Continuously improving resource efficiency in production

S

Nurturing a Great Place to Work

- Great Place to Work - Employee representation committee
- Employee survey, baseline, eSAT and eNPS¹
- Compensation package benchmarked

G

Focus on ethical business conduct

- Preparing EU Taxonomy and TCFD reporting
- Updated Supplier Code of Conduct and Self-Assessment
- Updated Employee Code of Conduct



Furthering transparency on ESG

- ESG report 2021



All (production) facilities powered by clean energy in Canada (hydro)

1. eSAT is the employee satisfaction score and eNPS refers to the employee net promoter score.



Summary and outlook

On track to deliver on 2021 priorities and mid-to-long term ambitions

Metric	2021	Mid-to-long term ambition
Revenue growth	Reach CAD 22M run-rate materials sales during 2021	40-50% organic revenue growth per year
Business mix	~50% AM, ~35% SY, ~15% other	Mid-term: ~30% AM, ~20% PE, ~25% ES, ~15% SY + other Long-term: ~50% ES, ~25% AM, ~15% PE, 10% SY + other
Operational EBITDA margin ¹	Below break-even	Towards 25% mid- and long-term
R&D	5% of revenues near-term Towards 3% mid- to long-term	
Growth capex	Expansion within existing facilities	Targeting 30+ plasma units in operation by 2025, 250+ plasma units in operation by 2030
Other capex	Maintenance capex >1% of revenues	

1) Operational EBITDA margin excludes R&D.

Note: AM: Additive Manufacturing, PE: Printed Electronics, ES: Energy Storage, SY: Systems

Key takeaways



The Q2 performance is in line with our expectations



The market indicators we are monitoring are positive



We reiterate our near- and long-term targets

Summary: Solid position for profitable growth and expansion



1

Megatrends **accelerating demand** for high-quality micro and nano materials

2

IP protected plasma technology driving **disruptive manufacturing change**

3

Proven and commercialized technology with **>200 blue-chip customers**

4

Scalable, recurring and sticky business model with **low CAPEX requirements**

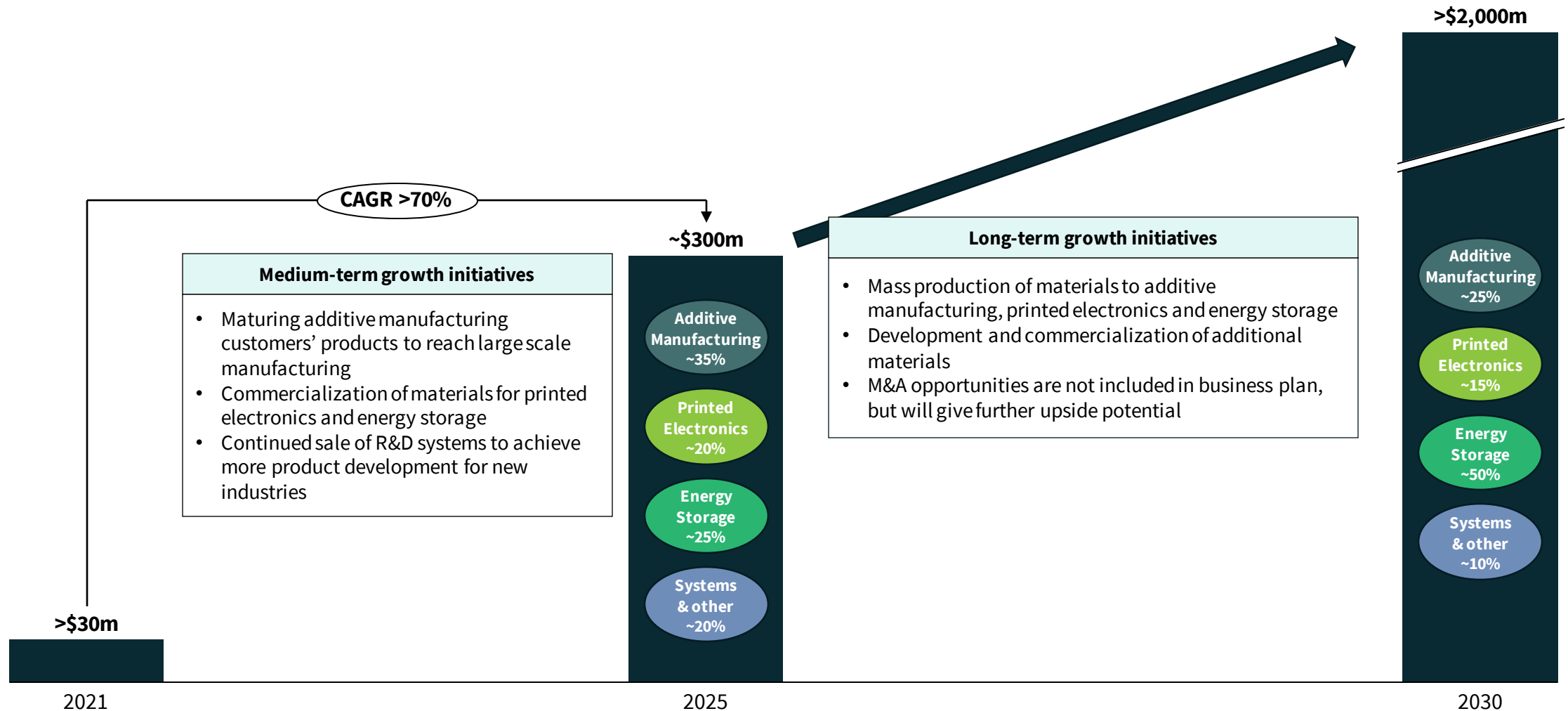
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Increasing market share and accelerating adoption drives **strong revenue growth**

Annexes



Industrial scale and optimized production enabling strong growth in Tekna's profitability



Note: numbers in CAD. Further details and guidance for Tekna provided in appendix on slide 36

Financial statements

INCOME STATEMENT

	2021	2020	2021	2020	FY 2020
CADm	Q2	Q2	YTD	YTD	
Revenue	7.4	3.8	15.2	8.1	22.0
Cost of sales ¹	4.0	1.8	7.9	4.1	11.3
Gross margin	3.4	2.0	7.3	4.0	10.7
Gross margin %	46%	53%	48%	49%	49%
Other income	-0.2	-1.7	-0.2	-1.7	-4.2 ²
Indirect personnel expenses	3.4	2.7	6.1	5.3	10.6
Other OPEX	1.3	1.2	2.2	2.3	2.9 ³
Total other income and OPEX	4.5	2.2	8.1	5.9	9.3
Adjusted EBITDA	-1.1	-0.2	-0.8	-1.9	1.4
Adjusted EBITDA margin %	-15%	-5%	-5%	-23%	6%
Non-recurring expenses	0.1		0.7		
EBITDA	-1.2	-0.2	-1.5	-1.9	1.4
EBITDA margin %	-16%	-5%	-10%	-23%	6%
Depreciation and amortization	0.8	1.0	1.6	1.9	3.9 ⁴
EBIT	-2.0	-1.2	-3.1	-3.8	-2.5
EBIT margin %	-27%	-32%	-20%	-47%	-11%
Equity company loss (income)	0.4		0.7		2.0
FX variation (Gain) Loss	-1.0		-1.0		
Finance cost	0.3	0.3	0.6	0.7	1.4
EBT	-1.7	-1.5	-3.4	-4.5	-5.9
Provision for income tax	-0.1	-0.4	-0.1	-0.9	-1.1 ⁴
Net profit/loss	-1.6	-1.1	-3.3	-3.6	-4.8

Notes

1. Accounting of direct labor is presented in the COGS
2. 2020 other income include CAD 2.7m in the form of grants for Covid mitigation and a further CAD 1.6m of commercial rights charged in Q4 to the JV Imphytek Powders
3. 2020 OPEX costs include a CAD 2.0m recharge in Q4 to the JV
4. Decrease of CAD 1.0m in amortization of intangibles and CAD 1.5m in tax expense have been recorded following the formal evaluation of the Purchase price allocation of 2013.

Financial statements

BALANCE SHEET

Balance sheet				
CADm	30.06.2021	31.03.2021	31.12.2020	30.06.2020
ASSETS				
Deferred tax assets			-	1.5
Other intangible assets	9.8	9.3	9.4	11.4
Tangible fixed assets	18.8	18.4	18.1	16.6
Investment in equity companies	0.7	1.1	1.4	
Other long-term receivables	5.5	5.5	4.2	4.1
Total non-current assets	34.8	34.3	33.1	33.6
Inventory	13.0	13.0	12.0	14.3
Contract assets	2.4	1.4	0.5	
Accounts receivable and other receivables	7.0	7.9	5.8	4.7
Cash and cash equivalents	45.7	102.1	2.5	2.1
Total current assets	68.1	124.4	20.8	21.1
Total assets	102.9	158.7	53.9	54.7

For presentation purposes, adjustments were made to the Intangible assets following the formal evaluation of the Purchase price allocation of 2013. The intangible assets were increased by CAD 0.5m as of 30.06.2020, by CAD 1.0m as of 31.12.2020 and CAD 1.2m as of 31.03.2021

For presentation purposes, adjustments were made to the Deferred tax liabilities following the formal evaluation of the Purchase price allocation of 2013. The Deferred tax liabilities were increased by CAD 1.4m as of 30.06.2020

The equity was adjusted accordingly

Balance sheet				
CADm	30.06.2021	31.03.2021	31.12.2020	30.06.2020
LIABILITIES AND EQUITY				
Owners' equity	88.2	87.1	20.1	1.2
Minority interest	0.6	0.7	0.0	
Total equity	88.8	87.8	20.1	1.2
Deferred tax liabilities				3.3
Leasing obligations	0.4	0.4	0.5	0.6
Other long-term debt	3.8	30.6	24.2	41.4
Total non-current liabilities	4.2	31.0	24.7	45.3
Current interest-bearing borrowings	3.0	3.8	0.7	2.8
Current interest-bearing liabilities		23.6	-	
Accounts payable	3.4	9.7	4.3	3.2
Leasing obligations	0.2	0.2	0.2	0.2
Other current liabilities	3.3	2.6	3.9	2.0
Total current liabilities	9.9	39.9	9.1	8.2
Total liabilities and equity	102.9	158.7	53.9	54.7

Financial statements

CASH FLOW

Cash flow	2021	2021	2020
CADm	Q2	Q1	Q2
Net profit	-1.6	-1.7	-1.1
Depreciation and Amortization	0.8	0.8	1.0
Tax expense			-0.4
Net financial items and Fx variation	-0.6	0.3	0.3
Change in inventory, contract assets, receivables, payables and other liabilities	-0.9	-4.6	-2.8
Share of profit from associates	0.4	0.3	
Net cash from operations	-1.9	-4.9	-3.0
Purchase of PPE and intangible assets	-1.7	-1.0	-1.4
Other Investments activities		-1.3	-0.1
Purchase of shares in subsidiaries	0.2	-23.7	
Net cash from investing activities	-1.5	-26.0	-1.5
Cashflow from issuance of stock	-1.2	96.8	
Proceeds from the issuance of shares in subsidiary		1.3	
New long-term borrowings	0.1	0.1	0.1
Repayment of long-term borrowings	-0.1	-0.1	-0.1
Internal loans and borrowings	-50.4	30.1	3.6
Net change in current interest-bearing debt	-0.8	3.1	-0.4
Interest paid	-0.2	-0.2	-0.3
Net cash from financing activities	-52.6	131.1	2.9
Cash flow	-56.0	100.2	-1.6
FX adjustments	-0.4	-0.6	
Change in cash and cash equivalents	-56.4	99.6	-1.6
Opening Balance for Cash assets	102.1	2.5	3.7
Closing Balance for Cash assets	45.7	102.1	2.1